

## Message Text

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PAGE 01 SEOUL 03178 201236Z

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ACTION EA-14

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3855

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AMEMBASSY TAIPEI

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EO 11652N/A

TAGS: BEXP, KS

SUBJECT: REPORT ON KENNEDY MISSION TO KOREA

1. SUMMARY: DAVID KENNEDY, OF CONTINENTAL ILLINOIS BANK AND FORMER TREASURY SECRETARY, LED GROUP OF 43 U.S. PRIVATE BUSINESS EXECUTIVES TO KOREA MAY 13-1 AT INVITATION OF KOREAN GOVERNMENT. WERGANIZED AND CONDUCTED MISSION DIRECTLY RESULTED IN PUBLIC PLEDGE OF \$35 MILLION IN NEW U.S. INVESTMENT, AND INDIRECTLY RESULTED IN DEVELOPING CONFIDENCE OF U.S. BUSINESS PARTICIPANTS IN OPPORTUNITIES PROVIDED BY RAPID KOREAN ECONOMIC DEVELOPMENT. END SUMMARY.

2. AT CONCLUSION OF FOUR-DAY AMERICAN BUSINESSMEN'S TRADE AND INVESTMENT MISSION TO KOREA, AMBASSADOR KENNEDY TOLD CROWDED PRESS CONFERENCE IN SEOUL THAT MISSION HAD DONE ALL IT HAD SET OUT TO DO. ALTHOUGH NOT CLEARLY DEFINED IN ADVANCE, OSTENSIBLE PURPOSE OF MISSION WAS TO PROVIDE 43 PARTICIPATING U.S. EXECUTIVES (33 COMPANIES) WITH OVERVIEW OF KOREAN DEVELOPMENT WHICH WOULD ASSIST  
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PAGE 02 SEOUL 03178 201236Z

INFORMED BUSINESS DECISIONS ON INDIVIDUAL COMPANY ROLE

IN KOREA. THIS PURPOSE WAS WELL SERVED BY MISSION.

3. MISSION PARTICIPATION WAS STRONG. BUSINESSMEN WERE NEARLY ALL IN UPPER EXECUTIVE BRACKET. MAJORITY WERE BANKERS. A NUMBER OF COMPANIES REPRESENTED WERE ALREADY INVOLVED WITH KOREA IN SOME WAY, BUT ALL WERE ANXIOUS TO IDENTIFY CIRCUMSTANCES WHICH WOULD PERMIT WIDENING OF EXPOSURE. MISSION WAS SURPRISINGLY WELL DISCIPLINED AND HELD TOGETHER BY OBVIOUS RESPECT FOR KENNEDY, WHO PROVIDED DIGNIFIED AND PURPOSEFUL LEADERSHIP.

4. KOREAN ECONOMIC PLANNING BOARD'S PROGRAMMING AND ADMINISTRATION OF MISSION WAS BETTER THAN EXPECTED. HOWEVER, RELATIVELY SMOOTH OPERATION WAS TOTAL PRODUCT OF COLLABORATIVE FOUR-SIDED EFFORT INVOLVING KENNEDY, KOREAN GOVERNMENT, U.S. EMBASSY AND DEPARTMENT OF COMMERCE. LATTER WAS REPRESENTED BY DEPUTY ASSISTANT SECRETARY VAN GESSEL WHO PROVIDED SURFACE EVIDENCE OF U.S. GOVERNMENT INTEREST IN PRIVATE BUSINESS MISSION WHILE FURNISHING KENNEDY AND STAFF WITH INDISPENSIBLE ADVICE AND COUNSEL ON ALL ASPECTS OF MISSION ACTIVITIES.

5. PROGRAM OF BRIEFINGS AND OFFICIAL CALLS ELICITED CLEAR EVIDENCE OF KOREAN EAGERNESS TO INCREASE U.S. BUSINESS PARTICIPATION IN KOREAN DEVELOPMENT AND OF DETERMINATION OF KOREAN AUTHORITIES TO MAINTAIN CONDITIONS WHICH WOULD PERMIT THIS TO TAKE PLACE. HISTORY OF SUCCESSFUL KOREAN ECONOMIC GROWTH, PLUS CONTINUING CONFIDENCE OF KOREANS IN FUTURE, AND PATTERN OF PROFITABLE U.S. BUSINESS ACTIVITY IN COUNTRY WERE ALL WELL ESTABLISHED BY MISSION IN CONSCIOUSNESS OF PARTICIPANTS. AT SAME TIME, EMBASSY BRIEFING AND QUESTIONS BY EXECUTIVES THEMSELVES AT KOREAN BRIEFINGS PRESENTED PICTURE OF MANY PRACTICAL DIFFICULTIES INVOLVED IN DOING FOREIGN BUSINESS IN KOREA.

6. HIGH POINT OF BUSY PROGRAM WAS CALL ON PRESIDENT PARK WHO RECEIVED ENTIRE GROUP AND MADE POINT OF SINGLING OUT FOR INDIVIDUAL ATTENTION THOSE EXECUTIVES KNOWN TO HAVE SERIOUS INTENTIONS. ONE-DAY TRIP TO ULSAN BY CHARTERED LIMITED OFFICIAL USE

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PAGE 03 SEOUL 03178 201236Z

PLANE AND BUS PROVIDED IMPRESSIVE ON-THE-SPOT VIEW OF INDUSTRIAL CAPABILITIES IN SHIPBUILDING AND REFINING.

7. CONCRETE RESULT OF MISSION WAS PUBLIC ANNOUNCEMENT OF \$35 MILLION WORTH OF INTENDED INVESTMENT BY TEN PARTICIPATING FIRMS: CORNING INTERNATIONAL, ESMARK, INC., INTEL CORP., INTERNATIONAL AUTOMATED MACHINES, INTERNATIONAL HARVESTER, ITT, KAISER ENGINEERS, 3M, MONSANTO, AND OAK

INDUSTRIES. ALL THESE FIRMS, OF COURSE, WERE ACTIVELY CONSIDERING INVESTMENT PRIOR TO MISSION. HOWEVER, MISSION HELPED MAKE UP SOME CORPORATE MINDS, AND SEVERAL ANNOUNCED INTERESTS WERE NEW TO EMBASSY AND KOREAN INVESTMENT AUTHORITIES.

8. PROBABLY MOST IMPORTANT RESULT OF KENNEDY MISSION WAS ITS ASSISTANCE IN RESTORATION OF U.S. BUSINESS CONFIDENCE IN KOREAN OPPORTUNITIES. CONFIDENCE HAD APPARENTLY BEEN SOMEWHAT ERODED BY UNFAVORABLE PUBLICITY IN U.S. ON KOREAN POLITICAL DEVELOPMENTS AND DIFFICULTIES FOR U.S. INVESTORS. IN THEIR FAREWELL TO HIM, KENNEDY SAID KOREAN MINISTERS EXPRESSED PARTICULAR GRATITUDE ON THIS POINT. FOR HIS PART, KENNEDY PROMISED THAT HE WOULD FOLLOW UP MISSION BY SERIES OF APPEARANCES WITH SELECTED MISSION MEMBERS IN NEW YORK, DETROIT, ST. LOUIS, SAN FRANCISCO AND LOS ANGELES. IN THESE CITIES HE WOULD URGE AMERICAN BUSINESSMEN TO PAY CLOSER ATTENTION TO THE POTENTIAL FOR PARTICIPATION IN KOREA'S RAPIDLY DEVELOPING ECONOMY.

9. AIRGRAM FOLLOWS WITH BACKGROUND INFORMATION MISSION, COPIES OF MISSION PROGRAM, PARTICIPANTS LIST, ETC.  
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